

Message Text

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TAGS: BAGB, JA

SUBJECT: SECRETARY BERGLAND'S VISIT TO JAPAN: DISCUSSIONS WITH
GOJ OFFICIALS

SUMMARY: DISCUSSIONS WITH MINISTER OF AGRICULTURE SUZUKI
AND A WIDE RANGE OF OTHER GOJ OFFICIALS AND PRIVATE TRADE
LEADERS WERE FRIENDLY AND WITHOUT ANY CONTENTIOUS NOTES.
THE MOST SIGNIFICANT POINTS COVERED WERE REASSURANCES THAT
(1) U.S. WOULD CONTINUE TO BE DEPENDABLE SUPPLIER AND JAPAN
A RELIABLE CUSTOMER; (2) NO MORE U.S. EMBARGOES UNDER ANY
CIRCUMSTANCES ENVISAGED TODAY; (3) MUTUAL RECOGNITION OF
NEED FOR WORLD RESERVES SHARED EQUITABLY TO STABILIZE
PRICES AND PROVIDE FOOD SECURITY; (3) SATISFACTION OF BOTH
PARTIES WITH BILATERAL UNDERSTANDING TO DATE; (5) COMMIT-
MENT TO HAVE POLICY LEVEL CONSULTATIONS ON A REGULAR BASIS;
(6) PLEDGE BY BOTH TO INCREASE SUPPORT OF AGRICULTURAL
DEVELOPMENT IN LDC; AND FINALLY THAT (7) ALTHOUGH U.S.
MOST GREATEFUL FOR PRESENT MARKET, ESPECIALLY FOR BULK
TYPE ITEMS, HOPE THAT IN DUE TIME IT CAN BE EXPANDED
TO INCLUDE OTHER COMMODITIES. A SUMMARY OF THE MAIN
POSITIONS EXPRESSED BY BOTH PARTIES FOLLOWS: END
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SUMMARY.

1. MINISTER SUZUKI, AND SUBSEQUENTLY OTHER GOJ
OFFICIALS, STRESSED THE NEED TO DEVELOP "SOUND
TRADE PRACTICES" THAT TAKE INTO ACCOUNT JAPAN'S
DEPENDENCE ON AGRICULTURAL IMPORTS. THEY LINKED THIS
NEED WITH U.S. BALANCE OF PAYMENTS CONCERNS--A STABLE,
LARGE AND GROWING MARKET SHOULD BE "TAKEN INTO ACCOUNT"

WHEN U.S. TRADE POLICY IS FORMULATED. JAPAN EXPECTS THE U.S. TO BE A "RELIABLE SUPPLIER." AS IF TO ENDERSCORE THE FORMS OF COOPERATION DESIRED, SUZUKI DECLARED THAT THE BUTZ-ABE UNDERSTANDING HAS SERVED TO MAINTAIN MUTUAL CONFIDENCE. LOOKING BEYOND BILATERAL COOPERATION, THE JAPANESE SIDE ASSERTED THAT IN THE DELIBERATIONS AHEAD IN THE INTERNATIONAL WHEAT COUNCIL ABOUT A NEW IWA DUE CONSIDERATION SHOULD BE GIVEN TO IMPORTER NEEDS FOR SUPPLY GUARANTEE AND PRICE STABILITY. SIMILARLY, IN THE MTN THE SPECIAL NEEDS OF FOOD IMPORTING COUNTRIES MUST BE ACKNOWLEDGED. THEY MUST BE BOTH ASSURED OF SUPPLY AVAILABILITY AND PERMITTED TO TAKE MEASURES DESIGNED TO INCREASE PRODUCTION WHERE POSSIBLE. IN SUM, THE GOJ CONTINUES TO INSIST THAT AGRICULTURE CANNOT BE SUBJECT TO THE SAME TRADE RULES AS GOVERN INDUSTRY. U.S. SIDE DID NOT PRESS ITS DISAGREEMENT WITH THIS POINT ON THIS OCCASION. WITH REGARD TO THE THIRD WORLD, THE FOOD PROBLEM CAN ONLY BE SOLVED BY INCREASING PRODUCTION IN FOOD DEFICIT COUNTRIES. THE GOJ INTENDS TO DOUBLE ITS ODA AND WILL PROVIDE INCREASED AGRICULTURAL TECHNICAL ASSISTANCE.

2. IN RESPONSE TO SUZUKI AND AS A THEME IN ALL HIS DISCUSSIONS, SECRETARY BERGLAND STRESSED THE FOLLOWING: THE CARTER ADMINISTRATION HAS RESOLVED NOT TO REPEAT THE AGRICULTURAL POLICY MISTAKES OF THE 1960S AND EARLY 1970S. THE U.S., ACCORDDINGLY, WIL NOT AGAIN BECOME THE MAIN STOCKHOLDER OF GRAINS IN THE WORLD. IT WILL THEREFORE (1) PROMOTE AGRICULTURAL UNCLASSIFIED

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AND OTHER EXPORTS, (2) RESIST THE GROWING DESIRE AMONG SOME SECTORS OF THE AMERICAN PUBLIC FOR PROTECTIONIST TRADE POLICIES. (IN EXPANDING ON THIS THEME, HE NOTED THAT THE AGRICULTURAL COMMUNITY REMAINS ONE OF THE FEW THAT SUPPORTS TRADE LIBERALISM, AND SUGGESTED THAT IS IS THEREFORE IN JAPAN'S BROADER INTEREST TO SUPPORT THE TRADE AIMS OF U.S. AGRICULTURE.) (3) ENCOURAGE INTERNATIONAL COOPERATION IN MODERATING WORLD PRICE FLUCTUATIONS IN COMMODITY MARKETS. (AS AN EXAMPLE, SECRETARY BERGLAND OUTLINED OUR POSITION REGARDING AN INTERNATIONAL WHEAT AGREEMENT.) (4) CONSIDER AT THE APPROPRIATE TIME THE NECESSITY OF ACREAGE SET-ASIDES.

3. IN CONNECTION WITH THE LATTER POINT, SECRETARY BERGLAND ADDRESSED DIRECTLY JAPANESE SENSITIVITIES ABOUT SUPPLY LIMITATIONS AND POSSIBLE RESULTING EMBARGOES. HE DECLARED THAT "I ASSURE YOU THAT THE CARTER ADMINISTRATION WON'T USE EMBARGOES UNDER ANY CIRCUMSTANCES WE CAN IMAGINE TODAY. YOU CAN DEPEND

UPON US TO SUPPLY YOU WITH THE FOOD NEEDS OF THE PEOPLE OF JAPAN." HE EXPLAINED THAT SET-ASIDES WOULD ONLY BE CONSIDERED AFTER ALL DOMESTIC AND FOREIGN DEMAND HAS BEEN MET.

4. THE LATTER QUESTION OF FOREIGN DEMAND WAS LINKED TO OUR IWC POSITION. SECRETARY BERGLAND NOTED THAT VARIOUS "OPTIONS" TO BE CONSIDERED IN THE CONTEXT OF A SET-ASIDE DECISION WOULD BE THE LIKELY SUCCESS OF THE IWC NEGOTIATIONS. IN SUBSEQUENT DISCUSSIONS WITH ASSISTANT SECRETARY HATHAWAY, MINAG AND OFRNMIN OFFICIALS PURSUED THE DETAILS OF OUR GRAINS POSITIONS. THEY EXPRESSED CAUTIOUS SUPPORT WITH THE RESERVATION THAT THE BURDEN-SHARING FORMULA BE EQUITABLE TO IMPORTERS.
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